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Khrushchev on the Purge: Then and Now

In his secret speech to the 20th Congress of 25 February 1956, Khrushchev said:

It must be asserted that to this day the circumstances surrounding Kirov's murder hide many things which are inexplicable and mysterious and demand a most careful examination. There are reasons for the suspicion that the killer of Kirov, Nikolayev, was assisted by someone from among the people whose duty it was to protect the person of Kirov. A month and a half before the killing, Nikolayev was arrested on the grounds of suspicious behavior, but he was released and not even searched. It is an unusually suspicious circumstance that when the Chekist assigned to protect Kirov was brought for an interrogation, on December 2, 1934, he was killed in a car "accident" in which no other occupants of the car were harmed. After the murder of Kirov, top functionaries of the Leningrad NKVD were given very light sentences, but in 1937 they were shot. We can assume that they were shot in order to cover the traces of the organizers of Kirov's killing. (Movement in the hall).

And on 27 October 1961, speaking to the 22nd CPSU Congress, Khrushchev said:

The Mass reprisals began after the assassination of Kirov. Great efforts are still required to find out who is to be blamed for his death. The deeper we study the facts surrounding Kirov's death, the more questions arise. Noteworthy is the fact that Kirov's killer had been apprehended twice before by the Cheka near the Smolnyy, and that weapons had been found on him. But he was released both times on somebody's instruction. Now this man was in the Smolnyy, armed, in the corridor through which Kirov usually passed, and for some reason or other, at the moment of the assassination, Kirov's chief bodyguard was far behind Kirov, though his instructions did not authorize him to be such a distance away.

Equally strange is the following fact: When Kirov's chief bodyguard was being taken away for questioning--and he was to be questioned by Stalin, Molotov, and Voroshilov--the car, as its driver said afterward, was deliberately involved in an accident by those who were taking the man to the interrogation. They said that he died as a result of the accident, even though he was actually killed by those who accompanied him. In this way the man who guarded Kirov was killed. Later, those who killed him were shot. This was no accident, apparently, but a carefully planned crime. Who could have done this? A thorough investigation is now being made into the circumstances of this complicated affair. It happens that the driver of the car in which the chief of Kirov's guard was being taken to questioning is alive. He said that a Cheka agent sat with him during the trip, that they went in a truck. It is of course very curious that a truck was used to take the man to questioning, as if no other vehicle could be found for the purpose. Evidently, everything had been planned in advance, in detail. Two other Cheka agents were in the back of the truck with Kirov's chief bodyguard.

The driver continued his story. While they were going down a street, the man next to him suddenly grabbed the steering wheel and directed the vehicle straight at a building. The driver regained control of the wheel and the truck only hit the wall sideways. He was told later that Kirov's chief bodyguard lost his life in this accident. Why did he die while none of the other people in the car were injured? Why were both officials of the Commissariat of Internal Affairs, escorting Kirov's chief bodyguard, shot later? This means that someone needed to have them liquidated to remove all traces.

Many, very many circumstances in this and other similar cases are still obscure. Comrades, it is our duty to thoroughly investigate cases of this kind connected with abuses of power. This will pass, we shall die--we are all mortal--but while we work, we can and must clear up many things and tell the truth to the party and the people. We are duty bound to do everything to establish the truth now, for the more time passes after these events, the more difficult it will be to establish the truth. The dead cannot be brought back to life, but it is necessary that the truth be told about this in the history of the party. This must be done so that such things never recur. (Stormy, prolonged applause)

In regard to responsibility for supporting Stalin's mass repression, pinned by Khrushchev on Molotov, Kaganovich, Malenkov, et al., Khrushchev himself was saying on 31 January 1934 (ten months before Kirov died):

On the way to the construction of classless society, no working man, no working woman should forget that a classless society can be won only in struggle. Under no circumstances should vigilance be diminished. Comrades! We must strain all our forces and triple our vigilance!

On 2 December 1934, Khrushchev, Kaganovich and other officials sent a letter to the Leningrad party organization, referring to Kirov's murderer as a "rascal secretly sent by the enemies of the people." On 28 May 1937, Yon B. Gamarnik--one of Khrushchev's fellow members of the Kirov funeral commission--was elected member of the Moscow City Party Committee, of which Khrushchev was First Secretary. On 2 June, Pravda announced that Gamarnik had been entangled with anti-Soviet elements and, fearing exposure, had committed suicide on 31 May. On 5 June, Khrushchev stated in a speech that, despite all checks,

a Trotskyite betrayer, a traitor of the Motherland, the enemy of the people, Gamarnik, also got into the City Party Committee. This fact shows again that the enemy foully disguises himself and carries on his subversive activity in the deep underground.... But let the enemies know that, no matter how deep they sit in their burrows, we will unmask and annihilate them, and reduce to dust every last one of them, and disperse them to the wind so that not even a trace will remain of these damned betrayers of and traitors to the socialist Motherland.

In June 1936, Khrushchev attacked the "loafers who substitute empty talk for vigilance, who write resolutions about vigilance and do not notice the enemies and double-dealers in their own ranks." On 5 July 1937, he was urging the Moscow party members to "pull out into the daylight the small roots of the enemies which still remain here and there and to annihilate all of them." On 30 January 1937, Khrushchev was saying:

Comrade workers, men and women, engineers, employees, men of science and art, and all working people of our country! We are gathered here, on Red Square, to raise our proletarian voice in complete support of the sentence passed by the Military Collegium of the Supreme Court against the enemies of the people, the traitors of the Motherland, the betrayers of the workers' cause, the spies, the diversionists, agents of fascism, the vile, despicable Trotskyites.... These murderers aimed at the heart and brains of our party. They have lifted their villainous hands against Comrade Stalin. By lifting their hands against Comrade Stalin, they lifted them against all the best that humanity possesses. For Stalin is hope; he is expectation; he is the beacon that guides all progressive mankind. Stalin is our banner! Stalin is our will! Stalin is our victor!

Economic Advantages of Soviet Socialism?Complaints by Communist Officials

The free world is handicapped in its study of Soviet Bloc economies by the paucity of detailed information available to it, as well as by the inherently deceptive nature of the general statistics which the Soviet Union publishes for foreign consumption. The Soviets usually present economic growth in terms of percentages. Percentage increases are misleading unless they are accompanied by actual figures (e.g. a growth from 1 to 2 units is a 100% increase). The problem with percentage figures is compounded further when no comparisons are made which might provide a real basis for interpretation. Some comparisons, which are omitted by the Soviets, would show, for example, that: growth in industrial production in Russia before the 1917 Revolution was almost as great in percentage figures as that claimed for the Soviet economy -- therefore, that the Imperial Russian Government (using a non-Communist economic system) led the country from the industrial backwardness now faced by developing nations; Russia in 1913 was the fifth largest industrial power in the world and manufactured locomotives, siege guns and armored battleships (contrary to the Soviet contention that the country was "backward, semi-colonial" and not industrialized before the Communists came into power; the greatest economic growth of the most industrialized country in East Europe, Czechoslovakia, took place, ironically, under the Hapsburg emperors; and the United States increased its steel production during the 40-year period from 1880 to 1920 at a rate three times as rapid as the Soviet Union in its first 40 years of operation. /See Notes at end of paper for other comparisons/

The comparative method based on percentage figures, however, is exceedingly superficial and will not provide an understanding of the real economic situation of the Soviet Union or the Bloc. A more satisfactory approach (given the nature of data available) is to examine what Communist leaders say for internal use about economic policies, plans, and performance in their own countries.

This paper, in an effort to provide some understanding of the true performance of Communist economies, presents statements by Communist officials about various aspects of their economic systems. Comments on the validity of their production indices, which they use widely as a basis for comparison with the growth rates of non-Communist economic systems, are presented first since the matter of validity per se bears upon other statements of economic performance.

Production Statistics as Viewed by Communist Leaders. The countries of the Soviet Bloc claim higher industrial growth rates than most states outside the Communist Bloc. Due to the lack abroad of background economic data and comment, these figures are often accepted without analysis. Some of the claims can of course be dismissed without analysis. For instance, the claim by the regime of the Soviet Zone of Germany that it has maintained a higher rate of growth than the German Federal Republic must make even convinced Communists smile.

Turning to consideration of more interesting cases, Premier Wladyslaw Gomulka, speaking to the Polish parliament on October 20, 1956, admitted:

"The juggling of figures which showed a 27 percent rise in real wages during the Six-Year Plan proved a failure. It only exasperated the people even more and it was necessary to withdraw from the position taken by poor statisticians."

This admission should cast serious doubt on the claims of an increase in production of 35 percent from 1953 to 1956 submitted to the UN.

The organ of the Communist Party of Bulgaria, *Rabotnichesko Delo*, on November 5, 1961 describes exactly why Soviet Bloc production index figures are naturally falsified upward and how the actual practice of attempting to achieve high index figures retards production under their system, as follows:

"The index figures, according to which our industrial enterprises were arranged... contain contradictions of such a nature that they hinder technical progress as well as the further fulfillment of socialist industrial planning...."

(Over)

"The use of the index figure "Total Volume of Production" causes machine works and metalworking enterprises to try to produce goods which are as heavy as possible... for the greater the tonnage produced, the higher the fulfillment of the plan for total production and the greater the bonus. The managements of our enterprises are therefore confronted with a serious conflict of conscience, because on the one hand their sense of duty demands that they produce light goods, in order to save the maximum amount of metal, while on the other hand the production of heavy articles offers great material advantages, because the products are given to the state according to weight...."

Part of the claimed production increase is, therefore, simply extra metal. In the case of machines, heavier equipment requires more fuel to operate, which in turn supports "gains" in the fuel production figures.

The Bulgarian situation apparently has its counterpart in another Communist economic system, namely Poland's. As Gomulka said in the above-cited speech

"At the cost of tremendous investments, we built an automobile factory in Zeran. New industrial establishments have come into being--establishments which produce at disproportionately high production costs only limited numbers of automobiles of an old type which consumes much fuel and which hardly anyone in the world produces today. Can the construction of an industrial establishment of this kind be called a contribution to the productive capacity of our country?"

Much of the boasted "increase" of production also consists of goods inferior to those produced in the Free World. Sovetskaya Rossiya (Soviet Russia) on June 23, 1961 said:

"Everyone has probably experienced the unpleasant feeling of finding that a newly purchased article refuses to work.... Censuring the quality of goods has by now become a common practice, not only on the part of the population, but also on the part of industrial workers.... In our considered opinion, the root of the trouble is to be found in the organizational structure. Put yourself in the position of a director or chief engineer of a factory. You may be replaced, the factory may lose the premium, unless you fulfill the quota. It is for this reason that the accent is obviously placed on quantity at the expense of quality...."

Yet this is the organizational structure created by the contradictions within the Communist system, which Soviet export propaganda claims to be superior to various systems in the Free World.

Nepszabadsag, A Communist Party daily in Budapest, Hungary, on August 15, 1961, illustrated how this poor quality in a basic material lowers quality in the many things made from it.

"For some months Hungarian foundries have been complaining of the poor quality of pig iron supplied by the 'Duna' Iron Works in Stalinvaros...."

"The director of the foundry of the 'Ganz-Mavag' machine and Locomotive Factory, Laszlo Safar, complained: 'These last three to four months our quota of rejects was 30-35% as compared to 12-16% before.'"

The Polish Communist economist Oscar Lange, commenting on the same subject, wrote in Zycie Gospodarcze, Warsaw on July 16, 1956:

"It is necessary to stop the race for purely quantitative indices which are attained due to low quality and high costs. This brings about purely fictitious results, the usage of raw

materials and of human labor for production of goods which do not produce the intended technical effects /e.g. agricultural machinery useless after a few weeks./

Farm equipment which lasts only "a few weeks" is compared, in Soviet Bloc production statistics, as the equivalent of Free World machinery which lasts for years. This same method of comparing non-equivalents is used in other commodity fields to make the Communist record look good against free world figures, which are considered exemplary.

It is a pity that some of the imaginative ways of concocting "plan fulfillment" figures are not disseminated by the Soviet Bloc in developing countries where Communists are trying to make their system acceptable. If properly forewarned, economics ministers who are naively trying to imitate Bloc economic planning might at least take steps to mitigate the effect of these unpublicized defects in the "perfect" system. The Czechoslovak weekly Kulturny Zivot Bratislava on September 18, 1961, contained some amusing suggestions as follows:

(1) "A certain kind of salesman gave me this advice and I now put it at the disposal of the general public. He said:

"'Look here, we haven't got it now' -- and winked expressively while saying this. 'It is the end of the month and so we haven't got it. If you want to shop better you must always come the first week of every month. Then we have everything.'

"'And why, if I may ask? Is this some kind of rush-job in reverse, or what is it?'" was my question.

"'This is simple. We have our fixed plan. A monthly one. On about the twentieth of the month we have fulfilled it up to some 106 percent. And this is enough for us. We are no longer interested in selling.'

"'Why?'

"'Well, you don't know the ropes. The plan for the next year is based on the plan fulfillment in the current year. And if we fulfilled it to 130 percent this year we would have our work cut out for us next year. They would raise the targets.'

"'I see, so that's it. Well, thank you very much. I'll come during the first week of the month'..."

(2) "'Oh, I see, you have brought me a suggestion for increased efficiency. For the reduction of the consumption of material. I understand, this is a nation-wide movement. Your suggestion will save valuable foreign exchange. Yes, I see. In some cases one could save as much as 55%. Very interesting. And remarkable. Unfortunately, I have to return it to you. Under present conditions it cannot be put into effect. And I'll tell you why. Our plant has its fixed plan of material consumption as well as running contracts for the supply of material. If we reduce the consumption of material our fulfillment figures for gross production will fall. Come quite close to me so that I can whisper into your ear what would happen to our bonuses in such a case'..."

(3) "The executives of the building enterprise are in conference. 'We are 86 apartments short? The plan is upset? Men, you are greenhorns. This is no problem. Tomorrow three bulldozers will start on that site and dig as big a hole as possible...' "

"'And we can get buried in it,' says one of the others.

"Don't interrupt me. Daddy knows best. The earth moved will be calculated in cubic meters. This will be added to the total as work in progress and so we will not only have fulfilled the plan but exceeded it."

"And what about the 86 apartments we have not completed?"

"What is the main issue now -- fulfilling the plan or what?"

The fact that the Soviet-type economies, through waste and rejects, produce fewer machines than would a free economy with the same vast production of steel and iron, is not reflected in the industrial production "growth rate" figures published by these countries. Further, iron of poor quality is seldom produced in free economies because it cannot compete and, therefore, cannot be sold -- a competitive system requires quality for survival.

It is obvious that the "growth rate" figures disseminated by the Soviet Bloc warrant a considerable subtraction by an unknown amount. Since, in any case the claimed figures for the most part fall short of the current growth rates of non-Soviet Bloc countries such as France, Germany, Italy, Brazil, Venezuela and Japan, growth rate figures can be dismissed as a means of proving the "superiority" of the Soviet Bloc economic system over Free World socialist and capitalist systems. They appear to prove the reverse.

Exploitation of Labor. Burdened by the natural defects of their economic system, the Soviet Bloc regimes are forced to increase greatly the workload of labor over what it had been under "capitalist" or "imperialist" rule. This was eloquently explained by Gomulka, in the above-cited speech, as follows:

"Let us examine the achievements of the Six-Year Plan in coal mining. In 1949, that is, in the last year of the Three-Year Plan, coal production amounted to over 74 million tons. In 1955, that is, in the last year of the Six-Year Plan, the corresponding figure was 94.5 million tons. These figures indicate that coal output went up by over 20 million tons, and this could really be deemed a considerable achievement if this rise meant an increase of the mining industry's productive capacity.

"But statistical data reveal that in 1955 miners worked 92,634,000 hours overtime, and this constitutes 15.5 percent of the total number of hours worked in this time. Calculated in terms of coal, this amounts to 14.6 million tons of coal extracted outside normal working hours... In 1949 coal output per working day per worker throughout the industry amounted to 1,328 kilograms. In 1955 it dropped to 1,163 kilograms, that is, by 12.4 percent. If we compare coal output per worker employed underground, this drop amounts to 7.7 percent per working day. In relation to 1938, which for various reasons cannot be taken as a basis of comparison, but illustrates the present state of the coal mines, output per working day per person employed in the mining industry dropped in 1955 by 36 percent. The economic policy in relation to the mining industry was marked by unpardonable thoughtlessness. The system of work on Sundays was introduced, and this could not but ruin the health and strength of the miners, and at the same time made it difficult to maintain colliery installations in proper working order. The practice was also introduced of employing soldiers and prisoners in some of the collieries. Mining personnel has not been stabilized and changes every year in a vast percentage. This policy could not but undermine the coal extraction plan; it could not but lead to the present state of the collieries."

In brief, Gomulka says flatly that the increase in coal production between 1949 and 1955 (by 20 million tons) was achieved only by overtime work, and presumably more workers. Overtime work was required not only to reach this higher production level but to counter the sizeable decrease (12.4%) in

production per worker per day which occurred in this same span of time after the Communists came into power.

It must be admitted, however, that a part of the difficulty lies in the added burden of Soviet Russian exploitation of the East European countries for the purpose of raising the Soviet Russian standard of living and rate of production. As Gomulka pointed out, the Soviet Union forced the Poles to "sell" them coal at \$1.00 per ton which cost the Poles \$4.00 a ton to mine. Polish Minister for Foreign Trade Witold Trapezymski revealed in Trybuna Ludu on April 19, 1957 that "this year's agreements with the Soviet Union have been based on current world prices for the first time." Working with the available official statistics, economist H. Menderhausen proved that Russia paid her satellites from 12-21% less than the world market prices by using different unit values with the Eastern European countries than with the Free European countries.

Part of the reason why Russian living standards are higher than prewar while satellite living standards are lower is therefore self-explanatory.

Agriculture: The inferiority of the Soviet collective system of agriculture in comparison with private farming is as well known inside the Soviet Bloc as outside. The Soviet newspaper Sovietskaya Kirgiziya, on September 6, 1961 stated, for example, that the only way some collective farms in Central Asia can meet the quotas set in the agricultural plan is by maintaining private farmers on the land.

"The private producers who pitched their tents near the 'Friendship' collective farm tried to be as inconspicuous as possible, but members of the collective soon found out that the management had allotted land to them, prescribed a delivery quota and assured them that they could keep anything they produced over and above the quota."

One of the managers, criticized for the practice, retorted, according to the paper:

"Do you expect us to drive the private producers away? This would mean destroying what has been achieved. Without these private producers we hadn't enough vegetables to fulfill the delivery plan. Now things are different. Now we fulfill the plan. And don't think we are the only ones to have private farmers; you will find them in many other places."

Ironically the name of this particular collective farm was "Road to Communism."

Gomulka, in the same noteworthy speech cited above, gives figures to prove that the most efficient form of agriculture is private enterprise and the least efficient is the state farm, considered the most "socialist" of all.

"Let us see what is the value of the over-all product, calculated in constant prices per hectare of land in all sectors of our agricultural economy, that is, in the individual /private/ economy on collective farms, and on state farms under the Ministry of State Farms. All data pertain to 1955. There is 78.8 percent of farm land in the possession of the individual farmsteads. Income-dividing collective farms were in possession of 8.6 percent and the state farms 12.6 percent of the total area of farm land owned by these three types of farms. The over-all produce produced by these farms, as a percent of the whole, is divided as follows: individual 83.9 percent, collective farms, including cottage allotments, 7.7 percent, and state farms, including auxiliary holdings of agricultural workers, 8.4 percent.

"The results of livestock production on collective and state farms were particularly unfavorable. Taking total livestock production as 100, individual farms produced 91 percent, collectives 4 percent, and state farms 5 percent.

"When estimating the value of over-all production per hectare of arable land, we arrive at the following picture: Individual farms 621.1 zlotys, collective farms 517.3 zlotys, and state farms 393.7 zlotys, at constant prices. Thus the difference between individual and collective farms amounts to 16.7 percent, while in comparison with state farms individual farm production was higher by 37.2 percent.

After listing the heavy government subsidies to the collective and state farms, which were not given to private farmers, Gomulka said:

"It can be added that the collective farms availed themselves of preferential treatment also in the purchase of artificial fertilizers. This is in brief an outline of the economic picture of cooperative farms. It is a sad picture. In spite of great outlays, they had smaller results and greater costs of production."

The Czechoslovakian newspaper Mlada Fronta, Prague, October 17, 1959, addressed a querulous question to the "pampered" collectives in the following terms:

"Never before has so much care and attention been devoted to our agriculture as at present. Nowadays the collective farms have new cowsheds, modern poultry farms and many machines and tractors. Rarely in the past have collective farmers been allocated so much fertilizer as now. How is it then, that our agricultural production has not, as yet, even attained the pre-war level?"

Standard of Living The standard of living is usually drastically lowered with the imposition of the Soviet economic system. /This usually becomes apparent as the first steps are taken to institute a Communist economy./ The government of North Vietnam, for example, admits that the standard of living was higher under the French. The daily Doc Lap, on July 28, 1961 disclosed that people

"point out that under the colonialist rule there was neither a shortage of food or daily consumer goods nor difficulties in buying and selling these items, and that this is still the food situation in the south. Still others doubt the economic superiority of the socialist regime and the soundness of the Lao Dong party and the government."

Another article, in the July issue of Hoc Tap, told of a village party debate to correct those who shared the "widely held" view that "life is worse" today than it was before the revolution.

"A number of comrades were of the opinion that: 'We do not know what life is like in other areas, but here, life is not better than life during the resistance. Moreover, life now is worse than life before the setting up of cooperatives. Now we work more and eat less!'"

In some cases the defects of a Communist imposed system are exposed by the Soviets. Kommunist, the organ of the Central Committee of the Communist Party of the Soviet Union, in December 1956 (pp. 83, 87) shows a list of the average daily per capita food ration of a working class Estonian in 1926 and states that this list would have cost him 39.6 percent of his daily wage in 1926, while in 1955, after the Soviet Russian conquest, he would have to pay 76.7 percent of his daily wage for the same items. The reasons for this extraordinary admission of colonial exploitation by the USSR remain obscure.

Actually, the persistently low standards of living in the Soviet Bloc are a better index of the defects of the system than any economic analysis of production performance, since the purpose of any economic system is to improve the lot of the people. A glance at the decades of extraordinary economic growth claimed by the USSR and for lesser periods in the countries of eastern Europe, and a sojourn in any of these countries where one may

observe the standard of living, immediately poses the question, "Where did all the gain go?" After decades of immense effort the average Russian still has a living space less than one-third that of the average inhabitant of war-devastated Germany. The Soviet Union possesses only a few more passenger automobiles than Mexico whose population is about ten percent that of the Soviet Union. Gomulka, in the above-cited speech, said that Poland, during its Six-Year Plan actually was running backwards on the housing front:

"During the period of the Six-Year Plan, about 370,000 rooms were built in the countryside, of which some 260,000 were built privately, financed by the house owners, and some 110,000 were constructed under the socialized building program. In 1950 we had over 2.69 million houses in the countryside with over 7.5 million rooms. On the assumption that the average life of a building -- considering its postwar condition -- is 50 years, we should every year build 150,000 rooms in the countryside in order to maintain the number of rooms existing in 1950. This amounts to about 900,000 rooms for the Six-Year Plan, while only some 370,000 were built. It must be concluded that during the Six-Year Plan about 800,000 rooms fell into ruin or are now in a state of ruin."

The way in which the ordinary people were exploited for the sake of spectacular successes was well put in a letter by an angry Russian to the newspaper Sovetskaya Rossiya (Soviet Russia), October 4, 1959:

"Enough of covering ourselves with sputniks and airliners. Let us come down somewhat lower-to the most ordinary shoes. I have one pair, but I have been walking in them for four years now. And why? Because they are Western; a foreign trademark is in them. Personally I don't need a TU-114; I will get by on the tramway, but I want to live and dress well."

The fact is, according to the Soviet press, that while the regime astounds the world with rockets and giant dams, the citizens are arrested for attempting to buy the clothes off the backs of visiting foreigners.

The purpose of this paper is not to deny that gains have been made; it is to point out that greater gains have been made in free economies, be they democratic, socialist or free enterprise, with less cost than the gains achieved by the Soviet Bloc. Furthermore the gains of the free world have been accomplished with a rising standard of living while those of the Communist world in most cases, have been made at the expense of the living standards of the people.

Notes:

If startling examples of increases in industrial growth rates are sought, one can find them easily in the free world. Let us look at the record achieved by Venezuela, using the production base in 1953 as 100 for measurement.

	1953	1954	1955	1956	1957	1958	1959
Manufacturing	100	119	137	147	167	181	212
Food, Beverages, Tobacco	100	112	130	134	144	160	185
Chemical, Coal, Petroleum Products	100	109	132	148	171	186	210
Metal Products	100	141	161	185	230	292	364
Electric Products	100	113	134	158	200	236	286

In the seven-year period between 1953 and 1959, the smallest increase registered was eight-five percent and the highest was two hundred and sixty-four percent -- no small feat it will be admitted.

Venezuela's economy enjoys the highest foreign investment in Latin America, and therefore it is not representative of all countries (most of which, of course, could also borrow for capital development). The economic data for Brazil, submitted to the United Nations, cover only the years through 1958, but this country shows the gains which can be made even with a lower level of foreign investment than in Venezuela.

	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Brazil	100	108	114	129	144	170

Brazil's steady economic development has progressed at steadily increasing rates (with the exception of one year when it was only six percent) from eight to approximately twenty-five percent a year.

The experience of Japan, which has considerably more than doubled its war-devastated industry since 1953 is perhaps not applicable to the developing countries today, since it was industrialized before that period. It is interesting to note, however, that the steel industry of Manchuria before the Second World War, undertaken by the Japanese, advanced at a more rapid rate than the steel industry of the Soviet Union during the same period. The vast steel-making capacity of Manchuria was then removed to the Soviet Union by the Red Army after the war, thus using the "capitalist" steel capacity to develop the Soviet economy.